KANSAS CITY STREETCAR AUTHORITY

FINANCIAL STATEMENTS
AS OF APRIL 30, 2016 AND 2015
AND FOR THE FISCAL YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

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MILLER HAVILAND KETTER
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kansas City Streetcar Authority
Kansas City, Missouri

We have audited the accompanying financial statements of

KANSAS CITY STREETCAR AUTHORITY

which comprise the statements of financial position as of April 30, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Streetcar Authority as of April 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Miller, Harland, Metts P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Westwood, Kansas
November 29, 2016

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF FINANCIAL POSITION
AS OF APRIL 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash	$ 3,406,746	$ 1,273,878
Prepaid expenses	203,981	-
TOTAL ASSETS	$ 3,610,727	$ 1,273,878
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 300,447	$ 19,492
Accrued liabilities	11,738	2,688
TOTAL LIABILITIES	312,185	22,180
NET ASSETS		
Unrestricted net assets	3,098,522	1,251,698
Temporarily restricted net assets	200,020	-
TOTAL NET ASSETS	3,298,542	1,251,698
TOTAL LIABILITIES AND NET ASSETS	$ 3,610,727	$ 1,273,878

See auditors' report and accompanying notes to financial statements.

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUES	$ 4,150,350	$ 1,450,456
EXPENSES		
Program	1,838,826	412,306
General and Administrative	464,700	105,720
Fundraising	-	-
TOTAL EXPENSES	2,303,526	518,026
CHANGE IN UNRESTRICTED NET ASSETS	1,846,824	932,430
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	200,020	-
Net assets released from restrictions	-	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	200,020	-
CHANGE IN NET ASSETS	$ 2,046,844	$ 932,430

See auditors' report and accompanying notes to financial statements.

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

	Unrestricted	Temporarily Restricted	Total
Balance at April 30, 2014	$ 319,268	$ -	$ 319,268
Change in net assets for fiscal year ended April 30, 2015	932,430	-	932,430
Balance at April 30, 2015	1,251,698	-	1,251,698
Change in net assets for fiscal year ended April 30, 2016	1,846,824	200,020	2,046,844
Balance at April 30, 2016	$ 3,098,522	$ 200,020	$ 3,298,542

See auditors' report and accompanying notes to financial statements.

KANSAS CITY STREETCAR AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,046,844	$ 932,430
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities		
Prepaid expenses	(203,981)	-
Accounts payable	280,955	2,146
Accrued expenses	9,050	2,688
CASH PROVIDED BY OPERATING ACTIVITIES	2,132,868	937,264
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH	2,132,868	937,264
CASH AT BEGINNING OF YEAR	1,273,878	336,614
CASH AT END OF YEAR	$ 3,406,746	$ 1,273,878

See auditors' report and accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Kansas City Streetcar Authority (the Authority) is a nonprofit corporation committed to manage and operate a publicly owned modern streetcar system in Kansas City, Missouri. The Authority was incorporated in 2012, and it is principally funded by appropriations from Kansas City, Missouri (the City) which, in part, receives funding from a special assessment paid by the owners of real estate and a sales tax, both of which are levied by a transportation development district (TDD). The boundaries of the TDD are generally within 10 blocks of the streetcar tracks.

To help pay for streetcar related costs, the City receives funds through the sales tax and special assessments on property within the TDD as follows:

1% sales tax applies within the entire TDD (some sales are exempt)
Special assessments apply to almost all properties within the TDD

Jackson County, Missouri calculates, collects, and remits the TDD special assessments to the TDD which sends most of the money to the City or as directed by the City. For these services, Jackson County retains 1.3% of the total collected TDD special assessments.

Revenue Recognition

TDD special assessments are due on December 31 of each year, except for any voluntary special assessment which may be subject to a special agreement. The City and Authority have agreed to a formal budgeting and appropriation process which provides that the Authority will submit budgets to the City on or before November 1 of each year. The budgets are for the City's next fiscal year of May 1 through April 30. The City considers, modifies and/or approves the budget and appropriates the funds to deliver to the Authority, which are usually received by the Authority monthly. Revenue is recognized when the Authority receives the money.

Basis of Accounting and Presentation

The financial statements of the Authority are prepared on the accrual basis of accounting. Unrestricted net assets and revenues are not subject to restrictions.

Cash

Cash consists of demand deposit accounts at financial institutions. From time to time, cash balances exceed federally insured limits; the Authority has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Authority is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. Income tax returns filed by the Organization on Form 990 are subject to examination by the Internal Revenue Service (IRS) for three years after the date filed, with the result that years 2015, 2014, 2013 and 2012 remain open as of November 29, 2016, although no returns have been selected for examination by the IRS. Management has evaluated tax positions taken or expected to be taken in the course of preparing the Organization's tax returns with assistance from the Organization's tax preparer to determine whether its tax positions are more likely than not to be sustained by applicable taxing authorities; likely tax positions are reported in these financial statements, and management is not aware of any unlikely tax positions, with the result that no unlikely tax positions are reported.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 29, 2016, which is the date the accompanying financial statements were available to be issued.

NOTE B - RELATED PARTY TRANSACTIONS

The Authority shares Board members with the Downtown Council. The Authority occasionally purchases services from the Downtown Council under the terms of an agreement where the Authority pays management fees equal to $50 an hour. The Authority's relationships to Jackson County, Missouri and the City of Kansas City, Missouri are disclosed in Note A.

NOTE C - RETIREMENT PLAN

The Authority sponsors a defined contribution retirement plan. Contributions to the Plan for the fiscal years ended April 30, 2016 and 2015 were $13,082 and $4,200, respectively.

NOTE D - FUNCTIONAL EXPENSE ALLOCATION

Functional expenses for the year ended April 30, 2016 are summarized as follows:

	Totals	Program	General & Administrative	Fundraising
Marketing & communications	$ 173,626	$ 173,626	$ -	$ -
Insurance	146,143	-	146,143	-
Professional services	159,198	-	159,198	-
Administrative	102,219	-	102,219	-
Operations & maintenance	947,280	947,280	-	-
Capital program expenses	489,359	489,359	-	-
Payroll	285,701	228,561	57,140	-
Total Expenses	$ 2,303,526	$ 1,838,826	$ 464,700	$ -

Functional expenses for the year ended April 30, 2015 are summarized as follows:

	Totals	Program	General & Administrative	Fundraising
Marketing & communications	$ 80,754	$ 80,754	$ -	$ -
Insurance	1,336	-	1,336	-
Professional services	6,281	-	6,281	-
Administrative	279,457	211,394	68,063	-
Operations & maintenance	-	-	-	-
Capital program expenses	-	-	-	-
Payroll	150,198	120,158	30,040	-
Total Expenses	$ 518,026	$ 412,306	$ 105,720	$ -

NOTE E - COMMITMENTS

The Authority purchases operating and maintenance services under an agreement that expires in June 2021. Future minimum commitments as of April 30, 2016 on this agreement are as follows:

2017	$ 2,572,216
2018	2,838,920
2019	3,057,923
2020	3,159,298
2021	3,265,032
Thereafter	-
	$ 14,893,389

NOTE F - NET ASSETS

As of April 30, 2016 and 2015, temporarily restricted net assets consisted of the following:

	2016	2015
Restricted as to purpose		
Grand opening	$ 200,020	$ -

There were no net assets released from restrictions.